

## Message Text

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15

ACTION SS-30

INFO OCT-01 ISO-00 CCO-00 SSO-00 NSCE-00 DODE-00 CIAE-00

INRE-00 NSAE-00 USSS-00 /031 W

----- 061885

O R 240746Z OCT 73

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC IMMEDIATE 5288

INFO AMEMBASSY ABU DHABI

USINT ALGIERS

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

USMISSION EC BRUSSELS

AMCONSUL DHAHRAN

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MOSCOW

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY SANAA

AMEMBASSY TEL AVIV

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY TUNIS

AMEMBASSY VIENNA

C O N F I D E N T I A L JIDDA 4684

EXDIS

DEPT PASS CAIRO; BEIRUT PASS BAGHDAD

EO 11652: GDS

TAGS: ENRG, PFOR, SA, XF

SUBJ: SAUDI INCOME TO INCREASE ONE BILLION DOLLARS

REF: JIDDA 4652

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SUMMARY: DESPITE A 25-PERCENT CUTBACK IN PRODUCTION (REFTEL)  
INCLUDING A TOTAL EMBARGO ON SHIPMENTS TO U.S. AND OFFSHORE  
REFINERIES FOR U.S. MARKET, SAG WILL ACTUALLY INCREASE ITS  
NET CURRENT INCOME BY MORE THAN FOUR MILLION DOLLARS A DAY.

IF THIS LEVEL SHOULD HOLD FOR FULL YEAR, SAG'S SURPLUS OVER  
PRESENT SPENDING RATE WOULD MEAN A CONTINUED GROWTH IN RESERVES  
TO \$8 BILLION AND INCREASED ABILITY TO SUSTAIN PAYMENTS TO ARAB

CONFRONTATION STATES. END SUMMARY.

1. QUICK CALCULATIONS JUST FOR THE RECORD, IN CASE ADDRESSEES  
FEEL SAUDI ARABIA MAY HAVE TO CURB ITS SUPPORT FOR ARAB CON-  
FRONTATION STATES, INDICATE THAT SAG WILL BEGIN EARNING NET ON  
EACH BARREL OF OIL PRODUCED UNDER NEW OPEC GULF FORMULA MORE  
THAN THREE DOLLARS. THIS MEANS AT PROGRAMMED 6.6 MILLION B/D  
LEVEL SET FOR COMING WEEKS UNTIL DECEMBER 1 THAT SAG WILL EARN  
CLOSE TO \$20 MILLION A DAY, FOUR TO FIVE MILLION MORE THAN  
BEFORE MIDDLE EAST CONFLICT CUTBACK AND IMPOSED PRICE RISE.

2. WITH SPENDING RATES EVEN IN SEMI-WAR STATE OF ECONOMY  
PROBABLY NOT EXCEEDING IN ANY CASE EIGHT TO TEN MILLION DOLLARS  
A DAY, HOLDING THE CUTBACK TO PRESENT LEVELS FOR WHOLE YEAR WOULD  
MEAN THAT SAG ALONE COULD INCREASE ITS EXPECTED RESERVES BY WELL  
OVER \$4 BILLION TO \$8 BILLION, OR PROVIDE MASSIVE FURTHER  
ASSISTANCE TO CONFRONTATION STATES.

3. FURTHER PRODUCTION CUTBACKS AS THREATENED AT THE FIVE-  
PERCENT-A-MONTH RATE UNTIL ISRAEL WITHDRAWS FROM OCCUPIED TERRI-  
TORIES WOULD OF COURSE DRASTICALLY MODIFY THIS EQUATION, BUT  
THE PRICE LEVELS WOULD SURELY RISE AGAIN IF SUCH CUTBACKS WERE  
IMPOSED.

AKINS

NOTE BY OC/T: NOT PASSED CAIRO.

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<< END OF DOCUMENT >>

## Message Attributes

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**Concepts:** FOREIGN RELATIONS, FINANCIAL DATA  
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**Status:** NATIVE  
**Subject:** SAUDI INCOME TO INCREASE ONE BILLION DOLLARS  
**TAGS:** ENRG, PFOR, EFIN, SA, XF  
**To:** STATE INFO ABU DHABI  
ALGIERS  
AMMAN  
BEIRUT  
EC BRUSSELS  
DHAHRAN  
KUWAIT

LONDON  
MANAMA  
MOSCOW  
OECD PARIS  
ROME  
SANAA  
TEL AVIV  
TOKYO  
TRIPOLI  
TUNIS  
VIENNA

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